

Exhibit 6C

July 14, 2014 G. Malhotra Deposition Transcript

1
 2 UNITED STATES BANKRUPTCY COURT
 3 FOR THE EASTERN DISTRICT OF MICHIGAN
 4 - - -
 5 In Re:) Chapter 9
 6
 7 City of Detroit, Michigan,)
 8
 9 Debtor.) Hon. Steven Rhodes
 10 _____
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 14 The videotaped deposition of GAURAV MALHOTRA
 15 Taken at 51 Louisiana Avenue, N.E.
 16 Washington, D.C.
 17 Commencing at 9:09 a.m.
 18 Tuesday, July 15, 2014
 19 Before: Gail L. Inghram Verban
 20 Registered Diplomate Reporter,
 21 Certified Realtime Reporter,
 22 Certified Shorthand Reporter-CA (No. 8635)
 23
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<p style="text-align: right;">Page 209</p> <p>1 MALHOTRA</p> <p>2 A. I would have to go back and look. But</p> <p>3 on the commercial and industrial, on the corporate</p> <p>4 side it would be a high number. But I do not know</p> <p>5 specifically of the exact percentage collection.</p> <p>6 Q. You don't know what the percent</p> <p>7 collection is for the individual income tax;</p> <p>8 correct?</p> <p>9 A. Well, even the individual income tax has</p> <p>10 different components between residents working in</p> <p>11 the city, residents working out of the city and</p> <p>12 nonresidents. And I do not know off the top of my</p> <p>13 head what the collection rate is for each one of</p> <p>14 those components.</p> <p>15 Q. Do you know how many companies actually</p> <p>16 pay the corporate tax?</p> <p>17 A. I do not. It's -- I do not.</p> <p>18 Q. Do you know if there are -- do you have</p> <p>19 any information about exceptions or reductions in</p> <p>20 taxes available to corporations or other entities</p> <p>21 within the City?</p> <p>22 A. There is the -- the renaissance zone,</p> <p>23 but that's probably more in relation to property</p> <p>24 taxes. In terms of corporate income taxes, I'm</p> <p>25 not aware of any specific incentives that would be</p>	<p style="text-align: right;">Page 211</p> <p>1 MALHOTRA</p> <p>2 the City will also have billions of dollars in</p> <p>3 expenditures; correct?</p> <p>4 A. That would be consistent with what the</p> <p>5 forecasts are, yes.</p> <p>6 Q. Do you have any understanding about what</p> <p>7 the amount in terms of dollars is of the reduction</p> <p>8 in the COPs claim under the plan?</p> <p>9 MR. STEWART: Objection -- pardon me.</p> <p>10 Objection.</p> <p>11 THE WITNESS: Well, as a part of the</p> <p>12 plan, the COPs claim is -- the claim is</p> <p>13 roughly a billion four forty, and the</p> <p>14 estimated recovery based on the assumptions</p> <p>15 in the plan are roughly 10 percent.</p> <p>16 BY MR. SMITH:</p> <p>17 Q. What are the most -- what are the key</p> <p>18 assumptions of your forecast being modeled?</p> <p>19 A. They are -- they're -- we can walk</p> <p>20 through each one of the line items in the key</p> <p>21 assumptions there.</p> <p>22 Q. Well, how about I ask you this: Are the</p> <p>23 key assumptions of your forecasting model</p> <p>24 reflected in your expert report?</p> <p>25 And I'll hand you a copy of it in a</p>
<p style="text-align: right;">Page 210</p> <p>1 MALHOTRA</p> <p>2 provided by the City.</p> <p>3 Q. What is the treatment of property taxes</p> <p>4 within the renaissance zone?</p> <p>5 A. I believe that it is more in the context</p> <p>6 of properties that are in the renaissance zone</p> <p>7 will have a slightly different taxable value that</p> <p>8 is associated with it versus the properties that</p> <p>9 are not in the renaissance zone. And that,</p> <p>10 however, the properties in the renaissance zone</p> <p>11 make up a small component of the overall total</p> <p>12 properties and the total property taxes, but I</p> <p>13 would have to look through the details to kind of</p> <p>14 explain the exact structure.</p> <p>15 Q. The property tax in the renaissance</p> <p>16 zone, is it lower?</p> <p>17 A. Well, I don't know if it's the rate or</p> <p>18 the assessed values. I would have to go back and</p> <p>19 check how the mix is built up.</p> <p>20 Q. Do you agree that under your forecast,</p> <p>21 over the course of the next 10 years, the City</p> <p>22 will bring in billions of dollars of revenue?</p> <p>23 A. Over the next ten years, the City's</p> <p>24 projections are about \$11 billion in revenue.</p> <p>25 Q. Over the course of the next ten years,</p>	<p style="text-align: right;">Page 212</p> <p>1 MALHOTRA</p> <p>2 second, which I will mark as Exhibit 3.</p> <p>3 (Exhibit Malhotra-3 was marked for</p> <p>4 identification.)</p> <p>5 THE WITNESS: Could you please repeat</p> <p>6 the question.</p> <p>7 BY MR. SMITH:</p> <p>8 Q. I could just ask the question again.</p> <p>9 Are the key assumptions in your model</p> <p>10 reflected in your expert report, or are there some</p> <p>11 key assumptions that are not in the report?</p> <p>12 A. If I may, I would say the majority of</p> <p>13 the assumptions are in the expert report or have</p> <p>14 been mentioned in the assumptions of the model</p> <p>15 that are exhibits or -- to the expert report.</p> <p>16 So . . .</p> <p>17 Q. Does your expert report contain a</p> <p>18 complete and accurate account of your expert</p> <p>19 opinions in this case?</p> <p>20 A. Yes.</p> <p>21 Q. Do you anticipate doing any further work</p> <p>22 before the confirmation hearing?</p> <p>23 A. Further work on what?</p> <p>24 Q. On the forecasts or developing any other</p> <p>25 opinions?</p>

Pages 209 to 212

1 MALHOTRA
 2 **A. If we reach more settlements, we will**
 3 **update the forecast as those settlements come**
 4 **along.**
 5 Q. What settlements are in process that
 6 you're talking about?
 7 MR. STEWART: Before you answer,
 8 Mr. Malhotra, I just simply caution you to
 9 remember that you're not permitted by the
 10 judge's order to disclose anything that's
 11 been going on in mediations. Subject to
 12 that, please answer the question.
 13 THE WITNESS: All right. Thank you.
 14 We're working on the Detroit Police
 15 Officers Association and with the Detroit
 16 Fire Fighters Association to hopefully wrap
 17 up those negotiations.
 18 BY MR. SMITH:
 19 Q. And what are specifically the issues
 20 that you're trying to wrap up there?
 21 **A. That's --**
 22 MR. STEWART: Once again, please answer
 23 with that same admonition about mediation.
 24 THE WITNESS: That's subject to
 25 mediation.

1 MALHOTRA
 2 you say that your projected revenues and
 3 expenditures are reasonable forecasts.
 4 Do you see that?
 5 **A. Yes.**
 6 Q. You'd acknowledge that other independent
 7 experts could come up with reasonable forecasts
 8 that differ from your forecast; correct?
 9 **A. I don't know what other experts would**
come up with. It's up to them.
 10 Q. I know. But my only question is, there
 11 could be reasonable forecasts of the general
 12 fund's revenues and expenditures that are
 13 different from the forecasts you put together;
 14 correct?
 15 **A. I don't know about that. I feel that**
these are reasonable forecasts, and I can't talk
to what other forecasts would be reasonable or not
reasonable that are not generally the forecasts
that I have in front of me.
 16 Q. You're not taking the position that your
 17 forecasts are the only reasonable forecasts of
 18 general fund revenues and expenditures that could
 19 be made; correct?
 20 **A. I am taking the position that based on**

1 MALHOTRA
 2 BY MR. SMITH:
 3 Q. Okay. Is there anything that's not
 4 subject to mediation that you could talk about
 5 relating to settlements in the works or not? Or
 6 is it all part of mediations?
 7 **A. It's generally the discussions are part**
of mediations.
 8 Q. Okay. In your expert report you
 9 mention -- on Page 1 you say you've forecasted
 10 revenues and expenses for the City's general fund;
 11 correct?
 12 **A. That is correct.**
 13 Q. You haven't attempted to forecast
 14 revenues and expenses for the entire city;
 15 correct?
 16 **A. That is correct.**
 17 Q. And if you look at -- why did you
 18 perform a 40-year forecast?
 19 **A. It was to get a longer-term view of the**
liabilities that the City was signing up for in
terms of the various settlements to ascertain and
understand the City's ability to meet the
obligations that it was signing up to.
 20 Q. On Page 2 of your report in the middle,

1 MALHOTRA
 2 **the assumptions we have in here, these are the**
forecasts that I -- I seem or deem are reasonable.
 3 **So I can't talk to what other forecasts may or may**
not be reasonable unless I understand assumptions
and so on and so forth.
 4 Q. My only question is, is your forecast
 5 the only reasonable forecast that's possible of
 6 the general fund revenues and expenditures?
 7 **A. I don't know. I can talk to these**
forecasts being reasonable. I don't know whether
other forecasts are reasonable or not.
 8 Q. Over on Page 4 of your report, you
 9 identify some of the experts that you're relying
 10 on; correct? Such as Mr. Cline and Ms. Sallee.
 11 **A. That's correct.**
 12 Q. Page 7 of your report at the bottom of
 13 the page, you talk about the assumptions, some of
 14 the assumptions that you made. Do you see that?
 15 There's a section called "Assumptions."
 16 **A. That's correct.**
 17 Q. And it would be fair to say that your
 18 forecasts are based on a series of assumptions;
 19 correct?
 20 **A. Yes.**